

Davis Wright Tremaine LLP



LAWYERS



ANCHORAGE BELLEVUE LOS ANGELES NEW YORK PORTLAND SAN FRANCISCO SEATTLE SHANGHAI WASHINGTON, D.C.

2600 CENTURY SQUARE
1501 FOURTH AVENUE
SEATTLE, WA 98101-1688

TEL (206) 622-3150
FAX (206) 628-7699
www.dwt.com

RICHARD J. SCHROEDER
Direct (206) 628-7759
rickschroeder@dwt.com

October 12, 2005

RECORDATION NO. 25904 FILED

E-FILING RECORDATION

OCT 13 '05 3-51 PM

SURFACE TRANSPORTATION BOARD

Vernon A. Williams
Secretary
Surface Transportation Board
ATTN: Recording Department
1925 K Street NW
Washington, DC 20423

Re: Recordation of Documents—Railcar
Lessor: Key Equipment Finance Inc.
Lessee: Dakota, Minnesota and Eastern Railroad Corporation, and Iowa, Chicago
and Eastern Railroad Corporation as Co-Lessees
Equipment: Seventy-Nine (79) covered hopper railcars with reporting marks and
numbers: DME 51300 through 51377 inclusive, and DME 51379

Dear Mr. Secretary:

Enclosed for recordation pursuant to Section 11301 of Title 49 of the U.S. Code is:

- (a) Memorandum of Lease Agreement, a primary document, dated October 12, 2005.
- (b) The names and addresses of the parties to the document are as follows:

Lessor: Key Equipment Finance Inc.
66 South Pearl Street, 8th Floor
Albany, New York 12207



Vernon A. Williams, Secretary
Surface Transportation Board
October 12, 2005
Page 2

Lessee: Dakota, Minnesota and Eastern Railroad Corporation
140 N. Phillips Avenue
Sioux Falls, South Dakota 57101
and
Iowa, Chicago and Eastern Railroad Corporation
140 N. Phillips Avenue
Sioux Falls, South Dakota 57101

(c) A description of the equipment covered by the document follows:

Seventy-Nine (79) National Steel Car Limited covered hopper railcars with reporting marks and numbers DME 51300 through 51377 inclusive, and DME 51379.

A recording fee of \$33.00 is being remitted. Please return the originals to:

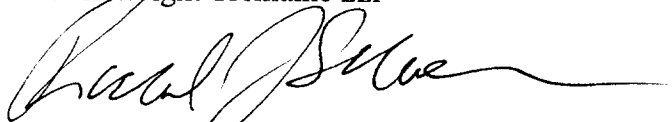
Richard J. Schroeder
Davis Wright Tremaine LLP
2600 Century Square
1501 – 4th Avenue
Seattle WA 98101-1688

A short summary of the document to appear in the index follows:

Primary Document: Memorandum of Lease Agreement dated October 12, 2005, between Equipment Finance Inc. as Lessor and Dakota, Minnesota and Eastern Railroad Corporation and Iowa, Chicago and Eastern Railroad Corporation, as Lessee, covering seventy-nine (79) National Steel Car covered hopper railcars with reporting marks and numbers DME 51300 through 51377 inclusive, and DME 51379.

Very truly yours,

Davis Wright Tremaine LLP



Richard J. Schroeder

RJS:mtk
Enclosures

RECORDATION NO. 25904 FILED

OCT 13 '05 3-51 PM

SURFACE TRANSPORTATION BOARD



MEMORANDUM OF LEASE AGREEMENT

(Equipment Schedule No. 03)

Dated as of October 12, 2005

between

KEY EQUIPMENT FINANCE INC.,

Lessor

and

DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

and

IOWA, CHICAGO & EASTERN RAILROAD CORPORATION

Lessee

Filed with the Surface Transportation Board pursuant to
49 U.S.C. § 11301 on _____, 2005, at ____:____.M
Recordation Number _____

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT dated as of October 12, 2005, is made by and between DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION, a Delaware corporation, and IOWA, CHICAGO & EASTERN RAILROAD CORPORATION, a Delaware corporation (individually and collectively, "Lessee"), and KEY EQUIPMENT FINANCE INC., a Michigan corporation ("Lessor").

WITNESSETH

1. Pursuant to a Master Equipment Lease Agreement, dated June 7, 2005, together with Equipment Schedule No. 03 dated October 12, 2005 (collectively, the "Lease Agreement"), Lessor has agreed to lease to Lessee, and the Lessee has agreed to lease from Lessor seventy-nine (79) covered hopper railcars bearing the railroad reporting marks and road numbers set forth on Exhibit A attached hereto.

2. The Lease Agreement shall be effective as of the date first set forth hereinabove and shall be subject to the Initial Lease Term and any Renewal Terms as defined in the Lease Agreement.

3. This Memorandum of Lease Agreement may be executed in duplicate originals and any number of counterparts and by different parties in separate counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

LESSOR:

KEY EQUIPMENT FINANCE INC.

By: [Signature]
Name: JOHN J. AMATO
Title: REGIONAL BUSINESS UNIT MANAGER

STATE OF COLORADO)
) ss.
COUNTY OF BOULDER)

On this 12th day of October, 2005, before me the subscriber personally appeared John Amato, who being by me duly sworn, did depose and say that (s)he is a Regional Business Unit Manager of KEY EQUIPMENT FINANCE INC. the corporation described in and which executed the foregoing instrument and that (s)he signed his/her name thereto by order of the Board of Directors of said corporation.



My Commission Expires July 15, 2008

Mary Sharp
Notary Public for the State of Colorado
Residing at 1000 S. McCaslin Blvd Superior, CO 80027
My Commission Expires: 7/15/2008

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Lease Agreement to be signed and sealed by their respective corporate officers as of the date and year first above written.

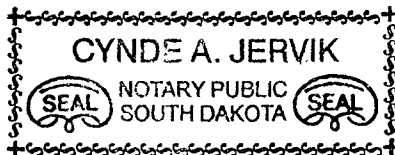
LESSEE:

DAKOTA, MINNESOTA & EASTERN
RAILROAD CORPORATION

By: [Signature]
Name: Kurt V. Feaster, Sr. V.P.
Title: Chief Financial Officer & Secretary

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF MINNEHAHA)

On this 7 day of October, 2005, before me the subscriber personally appeared Kurt V. Feaster, who being by me duly sworn, did depose and say that (s)he is a CFO of **DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION**, the corporation described in and which executed the foregoing instrument and that (s)he signed his/her name thereto by order of the Board of Directors of said corporation.



Cynde A. Jervik
Notary Public for the State of South Dakota
Residing at Sioux Falls, SD

My Commission Expires: CYNDE JERVIK
My Commission Expires
June 15, 2006

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Lease Agreement to be signed and sealed by their respective corporate officers as of the date and year first above written.

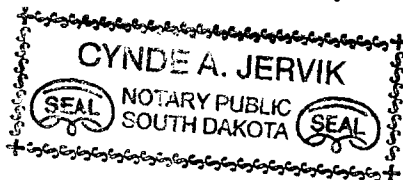
LESSEE:

IOWA, CHICAGO & EASTERN RAILROAD
CORPORATION

By: [Signature]
Name: Kurt V. Feaster
Title: Chief Financial Officer & Secretary
Kurt V. Feaster, Sr. V.P.,
Chief Financial Officer & Secretary

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF MINNEHAHA)

On this 7 day of October, 2005, before me the subscriber personally appeared Kurt V. Feaster, who being by me duly sworn, did depose and say that (s)he is a CFO of IOWA, CHICAGO & EASTERN RAILROAD CORPORATION, the corporation described in and which executed the foregoing instrument and that (s)he signed his/her name thereto by order of the Board of Directors of said corporation.



Cynde A. Jervik
Notary Public for the State of South Dakota
Residing at Sioux Falls, SD

My Commission Expires: CYNDE JERVIK
My Commission Expires
June 15, 2006

EXHIBIT A
EQUIPMENT DESCRIPTION

Lease: Equipment Schedule No. 03 dated as of October 12, 2005 to Master Equipment Lease Agreement Dated as of June 7, 2005.

Lessor: KEY EQUIPMENT FINANCE INC.

Lessee: DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION and
IOWA, CHICAGO & EASTERN RAILROAD CORPORATION

Vendor: National Steel Car Limited

Seventy-nine (79) covered hopper rail cars with Reporting Marks and Road Numbers as follows:

DME 51300 through 51377, inclusive, and DME 51379